

SECURITY INFORMATION

Project IP-274

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

Project Initiation Memorandum

27 February 1952

To: D/S

From: D/R

Subject: Trade and Finances in the Far East

Statement of Project 25X1A

Origin: OPC [REDACTED]

Responsible Division: D/S (S/TF)

Problem: To furnish information as outlined in memorandum from OPC, dated 7 February 1952, copy of which is attached.

Scope: It is understood by OPC that ORR will undertake to answer only those questions or parts of questions on which information is readily available.

✓ Coordination: D/S to coordinate with D/A as necessary

Deadline: Open

Form of Publication and Distribution: Memorandum (original and 2 copies), for requester only.

Classification: As determined by D/S

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7 February 1952

MEMORANDUM FOR: CHIEF, REPORTS DIVISION, ORR

SUBJECT : Trade and Finances in the Far East

REFERENCE : [REDACTED] 25X1A

1. This office has an immediate need for a thorough study of the currency situation in three Far Eastern areas: North Korea, Communist China and the Democratic Republic of Vietnam. Such a study should include authentic information along the following lines:

a. Amounts of currency in circulation within each of the three areas, with an indication of past and probable future changes in the amount outstanding and in the velocity of circulation.

b. Official and black market rates of exchange of the three currencies for U.S. and Hong Kong dollars in the following areas:

- (1) Hong Kong (for U.S. dollars only)
- (2) Canton
- (3) Shanghai
- (4) Tien-tsin
- (5) Mukden
- (6) Harbin
- (7) Ch'ang-ch'un
- (8) Singapore
- (9) Rangoon
- (10) Manila

c. Denominations in which each currency is printed and those denominations which are most widely circulated.

d. Extent of circulation of each currency outside the country of origin.

e. Peculiarities of markings or serial numbers which may be applicable to a province or region.

f. Regulations of each country governing import and export of

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currency or specie.

g. Media in which imports are paid for within each country.

2. In addition to information concerning the technical details of currency circulation within the three areas mentioned above, a discussion of the purchasing power, price trends and public attitudes towards currency, inflationary trends and financial pressures should be included.

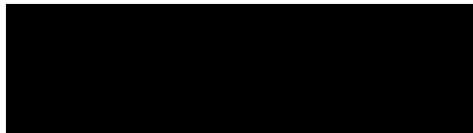
3. Supplementary to the information desired in paragraphs 1 and 2, specific intelligence is required on China's trade in the Far East with reference to the following questions:

- a. What cities are the main centers of China's external trade in the Far East?
- b. What are China's main imports from the Far East?
- c. What exports provide China's means of payment for imports?
- d. What methods of payment for imports are used, e.g., barter, specie, foreign currencies, foreign exchange instruments?

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4. Questions pertaining to this request may be referred to [REDACTED] of this office on extension 3215.

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Chief, Collection and Dissemination Branch
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DISSEMINATION INFORMATION

Chief, OPC 25X1A 25X1A 2 July 1952
Attention : Chief, Collection and Dissemination Branch
Chief, S/TF
Through : Chief, D/S
Supplement to IP-274, "Trade and Finances in the Far East."
25X1A
Reference : Your reference

The following information is submitted as a supplement to IP-274, "Trade and Finances in the Far East." The information follows the outline form of the original report (of 29 April 1952). Unless further information is desired, this supplemental report closes the case.

1. The currency situation in three Far Eastern areas: North Korea, Communist China, and the Democratic Republic of Vietnam (DRV).

c. Denominations in which each currency is printed and those denominations which are most widely circulated:

(1) Communist China

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Communist China has so far issued 50, 100, 200, 500, 1,000, 5,000, and 10,000 yuan notes (OO, Informal Memo, 24 June 1952, C.). Though the Treasury Report lists a 5 and a 10 yuan note and not a 50 yuan note, this difference is not important; actually this latest source reports that "even the 50 yuan notes have probably disappeared from the market and the 100 yuan notes are rarely used now in view of the fact that prices of commodities are mounting" and that "it is believed that the most widely circulated denomination is the 1,000 yuan note." Another report stated that the denominations in general use were the 500 to 10,000 yuan notes and that smaller denominations were not much used. It should be noted, however, that neither of these sources reports notes larger than 10,000. This would indicate that the 50,000 yuan note has had an extremely limited circulation or that reports of its circulation were unfounded.

(2) DRV (to replace this section in the original report)

In the DRV there are (or have been) two principal kinds of notes: those printed earlier by the DRV Ministry of Finance, and those printed by the recently created National Bank, evidently to replace the earlier notes. Notes printed by the Ministry of Finance were in eight denominations: 1, 5, 10, 20, 50, 100, 200, and 500 piasters; and those printed by the National Bank are in three denominations: 20, 50, and 100 piasters. A currency revaluation took place in 1951 when the DRV called in all bank notes issued between 1947 and 1951, replacing them with new bank notes of the National Bank

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"which are worth ten times as much as the old banknotes"

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[REDACTED] Of the National Bank notes, the 20
piaster note is the least popular [REDACTED]

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e. Peculiarities of markings or serial numbers which may be
applicable to a province or region:

(2) DRV

Prior to the issuance of the new notes, each Interzone
printed its own money. A difference in quality is noted in
bills printed in the South and those printed in the North.
Although made on the same model, bills in the South are not
printed as clearly and the paper is of poorer quality than
those printed in the North. The 200 and 500 piaster bills
have probably been printed in the North, however, and then
sent to the South [REDACTED]

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The new notes issued by the National Bank are probably
printed somewhere on the China-Indochina border, with equip-
ment lent by the Chinese. Statements that these notes are
being printed in Prague are characterized by the source as
propaganda. [REDACTED]

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